

Press Release

Jai Shrikrishna Rice Mill (JSRM)

20 April, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 11.53 Cr.
Long Term Rating	SMERA B-/Stable (Reaffirmed)

**Refer annexure for details*

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B-**' (read as **SMERA B minus**) to the Rs.11.53 crore bank facilities of Jai Shrikrishna Rice Mill (JSRM). The outlook is '**Stable**'.

Jai Shrikrishna Rice Mill (JSRM) is a proprietary concern established in 2015 by Mr. Ashok Yadav. The concern is engaged in processing of basmati rice and the processing unit is in Madhya Pradesh. JSRM commenced its commercial operations in November 2015 with installed capacity of around 200,000 quintals per annum, of which 45 MT of basmati rice is produced in a day.

Key rating drivers

Strengths

Experienced management

JSRM is a proprietary concern which was established in 2015 by Mr. Ashok Yadav. The promoter has around 6 years of experience in food and agro industry.

Proximity to raw materials

The processing facility of the concern is located in Madhya Pradesh. The location offers them great proximity to rice producing states surrounding it.

Weaknesses

Working capital intensive nature of business

The concern has a working capital intensive nature of business due to seasonal procurement of raw material which results in high inventory requirement. The average inventory days for rice mill business are ~90 days.

Competitive and fragmented nature of rice processing business

The concern functions in a highly competitive industry due to low entry barriers which results in intense competition from both the organised as well as unorganised players in the industry.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of to arrive at the rating.

Outlook – Stable

The outlook of the JSRM is 'Stable' over the medium term based on the concern's revenue growth. The outlook may be revised to 'Positive' if the company achieves more than envisaged sales and profitability by commencing its operations on time. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve envisaged revenue and profitability or its financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	25.01	NA	NA
EBITDA	Rs. Cr.	2.04	NA	NA
PAT	Rs. Cr.	0.10	NA	NA
EBITDA Margin	(%)	8.17	NA	NA
PAT Margin	(%)	0.41	NA	NA
ROCE	(%)	20.25	NA	NA
Total Debt/Tangible Net Worth	Times	55.91	NA	NA
PBDIT/Interest	Times	1.63	NA	NA
Total Debt/PBDIT	Times	1.58	NA	NA
Gross Current Assets (Days)	Days	152	NA	NA

Any other information:

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
05/16/2017	Term Loan	Long Term	4.00	SMERA B- (Indicative)
	Cash Credit	Long Term	7.53	SMERA B- (Indicative)
02/03/2016	Term Loan	Long Term	4.00	SMERA B-/Stable (Assigned)
	Cash Credit	Long Term	7.53	SMERA B-/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA B-/ Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.53	SMERA B-/ Stable (Reaffirmed)

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ABOUT SMERA

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